

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

5-27-2017

Date

Honorable Dan Patrick
President of the Senate

Honorable Joe Straus
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on HB 2445 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

Craig Estes
ESTES
D. Buckingham
BUCKINGHAM

Zaffirini
ZAFFIRINI

Gabe Nelson
NELSON

L. Taylor
On the part of the Senate

Lynn Stucky
Lynn Stucky
Dennis Bonnen
Dennis Bonnen

Drew Springer
Drew Springer

Drew Darby
Drew Darby
Richard Raymond
Richard Raymond

Richard P. Raymond
On the part of the House

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

3rd Printing

H.B. No. 2445

A BILL TO BE ENTITLED

AN ACT

relating to the imposition of hotel occupancy taxes by and the collection and use of certain tax revenue in certain municipalities and counties, including the authority of certain municipalities to pledge certain tax revenue for the payment of obligations related to hotel and hotel and convention center projects; authorizing the imposition of a tax.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 334.001, Local Government Code, is amended by amending Subdivisions (1) and (4) and adding Subdivision (1-a) to read as follows:

(1) "Active transportation" means transportation that is wholly or primarily powered by human energy. The term includes walking, running, and bicycling.

(1-a) "Approved venue project" means a sports and community venue project that has been approved under this chapter by the voters of a municipality or county.

(4) "Venue" means:

(A) an arena, coliseum, stadium, or other type of area or facility:

(i) that is used or is planned for use for one or more professional or amateur sports events, community events, or other sports events, including rodeos, livestock shows, agricultural expositions, promotional events, and other civic or

1 charitable events; and

2 (ii) for which a fee for admission to the
3 events is charged or is planned to be charged;

4 (B) a convention center, convention center
5 facility as defined by Section 351.001(2) or 352.001(2), Tax Code,
6 or related improvement such as a civic center hotel, theater, opera
7 house, music hall, rehearsal hall, park, zoological park, museum,
8 aquarium, or plaza located in the vicinity of a convention center or
9 facility owned by a municipality or a county;

10 (C) a tourist development area [~~along an inland~~
11 ~~waterway~~];

12 (D) a municipal parks and recreation system, or
13 improvements or additions to a parks and recreation system, or an
14 area or facility, including an area or facility for active
15 transportation use, that is part of a municipal parks and
16 recreation system;

17 (E) a project authorized by Section 4A or 4B,
18 Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas
19 Civil Statutes), as that Act existed on September 1, 1997; [~~and~~]

20 (F) a watershed protection and preservation
21 project; a recharge, recharge area, or recharge feature protection
22 project; a conservation easement; or an open-space preservation
23 program intended to protect water; and

24 (G) an airport facility located in a municipality
25 located on the international border.

26 SECTION 2. Section 334.1015, Local Government Code, is
27 amended to read as follows:

1 Sec. 334.1015. APPLICATION. (a) Except as provided by
2 Subsection (b), this [~~This~~] subchapter does not apply to the
3 financing of a venue project that is an area or facility that is
4 part of a municipal parks and recreation system.

5 (b) A municipality located on the international border may
6 finance a venue project described by Section 334.001(4)(D) with the
7 revenue from a tax imposed under this subchapter.

8 SECTION 3. Section 334.2515, Local Government Code, is
9 amended to read as follows:

10 Sec. 334.2515. APPLICATION. Except as provided by Section
11 334.2516, this subchapter does not apply to the financing of a venue
12 project that is:

13 (1) an area described by Section 334.001(4)(C);

14 (2) an area or facility that is part of a municipal
15 parks and recreation system as described by Section 334.001(4)(D);
16 [~~or~~]

17 (3) [~~(2)~~] a project described by Section
18 334.001(4)(E), except for a project [~~projects~~] described by [~~in~~]
19 Section 334.001(4)(A); or

20 (4) a facility described by Section 334.001(4)(G).

21 SECTION 4. Section 351.005, Tax Code, is amended to read as
22 follows:

23 Sec. 351.005. REIMBURSEMENT FOR EXPENSES OF TAX COLLECTION
24 AND USE OF ELECTRONIC TAX ADMINISTRATION SYSTEM. (a) A
25 municipality may permit a person who is required to collect and pay
26 over to the municipality the tax authorized by this chapter to
27 withhold not more than one percent of the amount of the tax

1 collected and required to be reported as reimbursement to the
2 person for the cost of [~~costs in~~] collecting the tax [~~and, if~~
3 ~~applicable, the use of an electronic tax administration system~~
4 ~~described by Section 351.1012~~].

5 (b) If a municipality uses revenue derived from the tax
6 authorized by this chapter to create, maintain, operate, or
7 administer an electronic tax administration system as authorized by
8 Section 351.1012, the municipality shall permit a person who is
9 required to collect and pay over to the municipality the tax
10 authorized by this chapter to withhold not more than one percent of
11 the amount of the tax collected and required to be reported as
12 reimbursement to the person for the cost of collecting the tax.

13 (c) The municipality may provide that the reimbursement
14 provided or required by this section be forfeited because of a
15 failure to pay the tax or to file a report as required by the
16 municipality.

17 SECTION 5. Section 351.101(a), Tax Code, as amended by
18 Chapters 666 (H.B. 3772) and 979 (H.B. 3615), Acts of the 84th
19 Legislature, Regular Session, 2015, is reenacted and amended to
20 read as follows:

21 (a) Revenue from the municipal hotel occupancy tax may be
22 used only to promote tourism and the convention and hotel industry,
23 and that use is limited to the following:

24 (1) the acquisition of sites for and the construction,
25 improvement, enlarging, equipping, repairing, operation, and
26 maintenance of convention center facilities or visitor information
27 centers, or both;

1 (2) the furnishing of facilities, personnel, and
2 materials for the registration of convention delegates or
3 registrants;

4 (3) advertising and conducting solicitations and
5 promotional programs to attract tourists and convention delegates
6 or registrants to the municipality or its vicinity;

7 (4) the encouragement, promotion, improvement, and
8 application of the arts, including instrumental and vocal music,
9 dance, drama, folk art, creative writing, architecture, design and
10 allied fields, painting, sculpture, photography, graphic and craft
11 arts, motion pictures, radio, television, tape and sound recording,
12 and other arts related to the presentation, performance, execution,
13 and exhibition of these major art forms;

14 (5) historical restoration and preservation projects
15 or activities or advertising and conducting solicitations and
16 promotional programs to encourage tourists and convention
17 delegates to visit preserved historic sites or museums:

18 (A) at or in the immediate vicinity of convention
19 center facilities or visitor information centers; or

20 (B) located elsewhere in the municipality or its
21 vicinity that would be frequented by tourists and convention
22 delegates;

23 (6) for a municipality located in a county with a
24 population of one million or less, expenses, including promotion
25 expenses, directly related to a sporting event in which the
26 majority of participants are tourists who substantially increase
27 economic activity at hotels and motels within the municipality or

1 its vicinity;

2 (7) subject to Section 351.1076, the promotion of
3 tourism by the enhancement and upgrading of existing sports
4 facilities or fields, including facilities or fields for baseball,
5 softball, soccer, flag football, and rodeos, if:

6 (A) the municipality owns the facilities or
7 fields;

8 (B) the municipality:

9 (i) has a population of 80,000 or more and
10 is located in a county that has a population of 350,000 or less;

11 (ii) has a population of at least 75,000 but
12 not more than 95,000 and is located in a county that has a
13 population of less than 200,000 but more than 160,000;

14 (iii) has a population of at least 36,000
15 but not more than 39,000 and is located in a county that has a
16 population of 100,000 or less that is not adjacent to a county with
17 a population of more than two million;

18 (iv) has a population of at least 13,000 but
19 less than 39,000 and is located in a county that has a population of
20 at least 200,000;

21 (v) has a population of at least 70,000 but
22 less than 90,000 and no part of which is located in a county with a
23 population greater than 150,000;

24 (vi) is located in a county that:

25 (a) is adjacent to the Texas-Mexico
26 border;

27 (b) has a population of at least

1 500,000; and

2 (c) does not have a municipality with
3 a population greater than 500,000;

4 (vii) has a population of at least 25,000
5 but not more than 26,000 and is located in a county that has a
6 population of 90,000 or less;

7 (viii) [~~(ix)~~] is located in a county that
8 has a population of not more than 300,000 and in which a component
9 university of the University of Houston System is located; [~~or~~]

10 (ix) [~~(x)~~] has a population of at least
11 40,000 and the San Marcos River flows through the municipality; or

12 (x) contains an intersection of Interstates
13 35E and 35W and at least two public universities; and

14 (C) the sports facilities and fields have been
15 used, in the preceding calendar year, a combined total of more than
16 10 times for district, state, regional, or national sports
17 tournaments;

18 (8) for a municipality with a population of at least
19 70,000 but less than 90,000, no part of which is located in a county
20 with a population greater than 150,000, the construction,
21 improvement, enlarging, equipping, repairing, operation, and
22 maintenance of a coliseum or multiuse facility;

23 (9) signage directing the public to sights and
24 attractions that are visited frequently by hotel guests in the
25 municipality;

26 (10) the construction, improvement, enlarging,
27 equipping, repairing, operation, and maintenance of a coliseum or

1 multiuse facility, if the municipality:

2 (A) has a population of at least 90,000 but less
3 than 120,000; and

4 (B) is located in two counties, at least one of
5 which contains the headwaters of the San Gabriel River; and

6 (11) for a municipality with a population of more than
7 175,000 but less than 225,000 that is located in two counties, each
8 of which has a population of less than 200,000, the construction,
9 improvement, enlarging, equipping, repairing, operation, and
10 maintenance of a coliseum or multiuse facility and related
11 infrastructure or a venue, as defined by Section 334.001(4), Local
12 Government Code, that is related to the promotion of tourism.

13 SECTION 6. Section 351.101, Tax Code, is amended by
14 amending Subsection (g) and adding Subsections (g-1), (n), and (o)
15 to read as follows:

16 (g) This ~~[Nothing in this]~~ section does not ~~[shall]~~ prohibit
17 a ~~[any private entity,]~~ person that receives a grant from a
18 municipality to conduct an activity authorized by Subsection
19 (a)(4) ~~[, or organization]~~ from making a grant ~~[subgrants]~~ by
20 contract to another ~~[any other]~~ person to conduct an activity
21 authorized by that subdivision ~~[, entity, or private organization~~
22 ~~for expenditures under Section 351.101(a)(4)]~~. A person that
23 receives a grant from a grantee of the municipality under this
24 subsection ~~[subgrantee]~~ shall:

25 (1) at least annually submit a report of the person's
26 expenditures of funds received from the grantee ~~[make periodic~~
27 ~~reports]~~ to the governing body of the municipality ~~[of its~~

1 ~~expenditures from the tax authorized by this chapter~~; and

2 (2) make records of those ~~[these]~~ expenditures
3 available for review to the governing body of the municipality and
4 any ~~[or]~~ other person.

5 (g-1) A municipality may not require a person that receives
6 funds directly from the municipality through a grant to conduct an
7 activity authorized by Subsection (a)(4) to waive a right
8 guaranteed by law to the person or to enter into an agreement with
9 another person.

10 (n) In addition to other authorized uses, a municipality
11 that has a population of not more than 1,500 and is located in a
12 county that borders Arkansas and Louisiana may use revenue from the
13 municipal hotel occupancy tax for the promotion of tourism by the
14 enhancement and upgrading of an existing sports facility or field
15 as specified by Subsection (a)(7), provided that the requirements
16 of Subsections (a)(7)(A) and (C) and Section 351.1076 are met.

17 (o) In addition to the purposes provided by Subsection (a),
18 a municipality that has a population of not more than 10,000, that
19 contains an outdoor gear and sporting goods retailer with retail
20 space larger than 175,000 square feet, and that hosts an annual
21 wiener dog race may use revenue from the municipal hotel occupancy
22 tax to promote tourism and the convention and hotel industry by
23 constructing, operating, or expanding a sporting related facility
24 or sports field owned by the municipality, if the majority of the
25 events at the facility or field are directly related to a sporting
26 event in which the majority of participants are tourists who
27 substantially increase economic activity at hotels in the

1 municipality. If a municipality to which this subsection applies
2 uses revenue derived from the municipal hotel occupancy tax for a
3 purpose described by this subsection, the municipality may not
4 reduce the percentage of revenue from that tax allocated for a
5 purpose described by Subsection (a)(3) to a percentage that is less
6 than the average percentage of that revenue allocated by the
7 municipality for that purpose during the 36-month period preceding
8 the date the municipality begins using the revenue for a purpose
9 described by this subsection.

10 SECTION 7. Section 351.1012(a), Tax Code, is amended to
11 read as follows:

12 (a) Notwithstanding any other provision of this chapter, a
13 municipality may spend each year not more than the lesser of one
14 percent or \$75,000 of the revenue derived from the tax authorized by
15 this chapter during that year for the creation, maintenance,
16 operation, and administration of an electronic tax administration
17 system. A municipality may not use revenue the municipality is
18 authorized to spend under this subsection to conduct an audit.

19 SECTION 8. Section 351.102, Tax Code, is amended by
20 amending Subsections (b), (c), and (d) and adding Subsections
21 (c-1), (e), (f), and (g) to read as follows:

22 (b) An eligible central municipality, a municipality with a
23 population of 173,000 or more that is located within two or more
24 counties, a municipality with a population of 96,000 or more that is
25 located in a county that borders Lake Palestine or contains the
26 headwaters of the San Gabriel River, or a municipality with a
27 population of at least 99,900 but not more than 111,000 that is

1 located in a county with a population of at least 135,000 may pledge
2 the revenue derived from the tax imposed under this chapter from a
3 hotel project that is owned by or located on land owned by the
4 municipality or, in an eligible central municipality, by a
5 nonprofit corporation acting on behalf of an eligible central
6 municipality, and that is located within 1,000 feet of a convention
7 center facility owned by the municipality for the payment of bonds
8 or other obligations issued or incurred to acquire, lease,
9 construct, and equip the hotel and any facilities ancillary to the
10 hotel, including convention center entertainment-related
11 facilities, meeting spaces, restaurants, shops, street and water
12 and sewer infrastructure necessary for the operation of the hotel
13 or ancillary facilities, and parking facilities within 1,000 feet
14 of the hotel or convention center facility. For bonds or other
15 obligations issued under this subsection, an eligible central
16 municipality or a municipality described by this subsection or
17 Subsection (e) may only pledge revenue or other assets of the hotel
18 project benefiting from those bonds or other obligations.

19 (c) Except as provided by this subsection, a [A]
20 municipality to which Subsection (b) or (e) applies is entitled to
21 receive all funds from a project described by Subsection (b) [~~this~~
22 ~~section~~] that an owner of a project may receive under Section
23 151.429(h) of this code, or Section 2303.5055, Government Code, and
24 may pledge the funds for the payment of obligations issued under
25 this section. A municipality described by Subsection (e) is not
26 entitled to receive funds from a project under this subsection
27 unless the municipality has pledged the revenue derived from the

1 tax imposed under this chapter from the project for the payment of
2 bonds or other obligations issued or incurred for the project.

3 (c-1) A municipality to which this subsection applies is
4 entitled to receive all funds from a hotel and convention center
5 project that the owner of a project could receive under Section
6 151.429(h) of this code or Section 2303.5055, Government Code, if a
7 project for purposes of those provisions included a hotel and
8 convention center project. The municipality may pledge the funds
9 for payment of obligations issued under this section for the hotel
10 and convention center project. For purposes of this subsection,
11 "hotel and convention center project" means a project that is an
12 existing hotel owned by the municipality or another person and a
13 convention center facility to be acquired, constructed, equipped,
14 or leased, that will be located within 1,000 feet of the hotel, and
15 that will be owned by or located on land owned by the municipality.
16 This subsection applies only to a municipality that:

17 (1) is the county seat of a county that:

18 (A) borders the United Mexican States;

19 (B) has a population of less than 300,000; and

20 (C) contains one or more municipalities with a
21 population of 200,000 or more; and

22 (2) holds an annual jalapeño festival.

23 (d) Except as provided by this subsection, an eligible
24 central municipality or another municipality described by
25 Subsection (b) or (e) that uses revenue derived from the tax imposed
26 under this chapter or funds received under Subsection (c) for a
27 hotel project described by Subsection (b) may not reduce the

1 percentage of revenue from the tax imposed under this chapter and
2 allocated for a purpose described by Section 351.101(a)(3) to a
3 percentage that is less than the average percentage of that revenue
4 allocated by the municipality for that purpose during the 36-month
5 period preceding the date the municipality begins using the revenue
6 or funds for the hotel project. This subsection does not apply to
7 an eligible central municipality described by Section
8 351.001(7)(D).

9 (e) In addition to the municipalities described by
10 Subsection (b), that subsection also applies to:

11 (1) a municipality with a population of at least
12 110,000 but not more than 135,000 at least part of which is located
13 in a county with a population of not more than 135,000;

14 (2) a municipality with a population of at least 9,000
15 but not more than 10,000 that is located in two counties, each of
16 which has a population of at least 662,000 and a southern border
17 with a county with a population of 2.3 million or more;

18 (3) a municipality with a population of at least
19 200,000 but not more than 300,000 that contains a component
20 institution of the Texas Tech University System;

21 (4) a municipality with a population of at least
22 95,000 that borders Lake Lewisville;

23 (5) a municipality that:

24 (A) contains a portion of Cedar Hill State Park;

25 (B) has a population of more than 45,000;

26 (C) is located in two counties, one of which has a
27 population of more than two million and one of which has a

1 population of more than 149,000; and

2 (D) has adopted a capital improvement plan for
3 the construction or expansion of a convention center facility;

4 (6) a municipality with a population of less than
5 6,000 that:

6 (A) is located in two counties each with a
7 population of 600,000 or more that are both adjacent to a county
8 with a population of two million or more;

9 (B) has full-time police and fire departments;
10 and

11 (C) has adopted a capital improvement plan for
12 the construction or expansion of a convention center facility;

13 (7) a municipality with a population of at least
14 56,000 that:

15 (A) borders Lake Ray Hubbard; and

16 (B) is located in two counties, one of which has a
17 population of less than 80,000;

18 (8) a municipality with a population of more than
19 83,000, that borders Clear Lake, and that is primarily located in a
20 county with a population of less than 300,000;

21 (9) a municipality with a population of less than
22 2,000 that:

23 (A) is located adjacent to a bay connected to the
24 Gulf of Mexico;

25 (B) is located in a county with a population of
26 290,000 or more that is adjacent to a county with a population of
27 four million or more; and

1 (C) has a boardwalk on the bay;

2 (10) a municipality with a population of 75,000 or
3 more that:

4 (A) is located wholly in one county with a
5 population of 575,000 or more that is adjacent to a county with a
6 population of four million or more; and

7 (B) has adopted a capital improvement plan for
8 the construction or expansion of a convention center facility;

9 (11) a municipality with a population of less than
10 75,000 that is located in three counties, at least one of which has
11 a population of at least four million; and

12 (12) an eligible coastal municipality with a
13 population of more than 3,000 but less than 5,000.

14 (f) A municipality described by Subsection (e)(3) that uses
15 revenue derived from the tax imposed under this chapter or funds
16 received under Subsection (c) for repayment of bonds or other
17 obligations issued or incurred for a hotel project described by
18 Subsection (b) may not, in a fiscal year that begins after
19 construction of the hotel project is complete and during any part of
20 which the bonds or other obligations are outstanding, reduce the
21 amount of revenue derived from the tax imposed under this chapter
22 and allocated for a purpose described by Section 351.101(a)(6) to
23 an amount that is less than the sum of:

24 (1) the amount of the revenue derived from the tax
25 imposed under this chapter and allocated by the municipality for a
26 purpose described by Section 351.101(a)(6) during the fiscal year
27 beginning October 1, 2016; and

1 (2) three percent of the amount of revenue derived
2 from the tax imposed under this chapter during the fiscal year for
3 which the amount required by this subsection is being determined.

4 (g) A municipality to which this section applies may not
5 receive or pledge revenue or funds under Subsection (b) or (c) for a
6 hotel project unless the municipality enters into an agreement with
7 a person for the development of the hotel project before September
8 1, 2019.

9 SECTION 9. Subchapter B, Chapter 351, Tax Code, is amended
10 by adding Section 351.10711 to read as follows:

11 Sec. 351.10711. ALLOCATION OF REVENUE FOR MAINTENANCE,
12 ENHANCEMENT, AND UPGRADE OF SPORTS FACILITIES AND FIELDS BY CERTAIN
13 MUNICIPALITIES. (a) This section applies only to a municipality
14 that is the county seat of a county that has a population of more
15 than 10,000 and contains a portion of Mound Lake.

16 (b) In addition to other authorized uses, a municipality to
17 which this section applies may use revenue derived from the tax
18 imposed under this chapter to promote tourism by maintaining,
19 enhancing, or upgrading sports facilities or fields, provided that:

20 (1) the requirements of Section 351.1076 are met if
21 the municipality uses the revenue to enhance or upgrade a sports
22 facility or field;

23 (2) the municipality owns the sports facilities or
24 fields; and

25 (3) the sports facilities and fields have been used,
26 in the preceding calendar year, a combined total of more than 10
27 times for district, state, regional, or national sports

1 tournaments.

2 (c) A municipality that uses revenue derived from the tax
3 imposed under this chapter as authorized by Subsection (b) may not
4 reduce the percentage of revenue from the tax imposed under this
5 chapter and allocated for a purpose described by Section
6 351.101(a)(3) to a percentage that is less than the average
7 percentage of that revenue allocated by the municipality for that
8 purpose during the 36-month period preceding the date the
9 municipality begins using the revenue as authorized by Subsection
10 (b).

11 SECTION 10. Section 351.1076(a), Tax Code, is amended to
12 read as follows:

13 (a) A municipality that spends municipal hotel occupancy
14 tax revenue for the enhancement and upgrading of existing sports
15 facilities or fields as authorized by Section 351.101(a)(7) or (n)
16 or Section 351.10711:

17 (1) shall determine the amount of municipal hotel
18 occupancy tax revenue generated for the municipality by hotel
19 activity attributable to the sports events and tournaments held on
20 the enhanced or upgraded facilities or fields for five years after
21 the date the enhancements and upgrades are completed; and

22 (2) may not spend hotel occupancy tax revenue for the
23 enhancement and upgrading of the facilities or fields in a total
24 amount that exceeds the amount of area hotel revenue attributable
25 to the enhancements and upgrades.

26 SECTION 11. Section 351.1078, Tax Code, is amended to read
27 as follows:

1 Sec. 351.1078. ALLOCATION OF REVENUE: CERTAIN
2 MUNICIPALITIES. (a) A municipality that spends municipal hotel
3 occupancy tax revenue as authorized by Section 351.101(i) or (o):

4 (1) may not use municipal hotel occupancy tax revenue
5 for the acquisition of land for the sporting related facility or
6 sports field described by that subsection;

7 (2) shall annually determine and prepare and publish
8 on the municipality's Internet website a report on the events held
9 at the facility or field, the number of hotel room nights
10 attributable to events held at the facility or field, and the amount
11 of hotel revenue and municipal tax revenue attributable to the
12 sports events and tournaments held at the facility or field for five
13 years after the date the construction expenditures are completed;
14 and

15 (3) may only spend hotel occupancy tax revenue for
16 operational expenses of the facility or field if the costs are
17 directly related to a sporting event in which the majority of
18 participants are tourists who substantially increase economic
19 activity at hotels in or near the municipality.

20 (b) The municipality shall reimburse to the municipality's
21 hotel occupancy tax revenue fund from the municipality's general
22 fund any expenditure in excess of the amount of area hotel revenue
23 attributable to sporting events held at the sporting related
24 facility or sports field described by Section 351.101(i) or (o) for
25 five years after the date the construction or expansion of the
26 facility or field described by that subsection is completed.

27 SECTION 12. Section 352.002, Tax Code, is amended by adding

1 Subsection (x) to read as follows:

2 (x) The commissioners court of a county that has a
3 population of less than 100,000 and that borders Lake Ray Roberts
4 may impose a tax as provided by Subsection (a).

5 SECTION 13. Section 352.003, Tax Code, is amended by adding
6 Subsection (u) to read as follows:

7 (u) The tax rate in a county authorized to impose the tax
8 under Section 352.002(x) may not exceed two percent of the price
9 paid for a room in a hotel.

10 SECTION 14. Section 352.103, Tax Code, is amended to read as
11 follows:

12 Sec. 352.103. USE OF REVENUE: COUNTIES WITH NO
13 MUNICIPALITY. (a) Except as provided by Subsection (b), the [The]
14 revenue from a tax imposed under this chapter by a county that has
15 no municipality may be used only for:

16 (1) the purposes provided by Sections 351.101(a)(1),
17 (2), and (4);

18 (2) advertising for general promotional and tourist
19 advertising of the county and conducting a solicitation program to
20 attract conventions and visitors either by the county or through
21 contracts with persons or organizations selected by the
22 commissioners court; and

23 (3) historical preservation and restoration.

24 (b) Notwithstanding any other provision of this chapter, a
25 county described by Subsection (a) that owns an airport may use
26 revenue from a tax imposed under this chapter for repairs and
27 improvements to the county airport or reimbursement for repairs and

1 improvements to the airport.

2 (c) A county to which Subsection (b) applies may not use
3 revenue from a tax imposed under this chapter for a purpose
4 described by Subsection (b) in a total amount that would exceed the
5 amount of hotel revenue in the county that is likely to be
6 reasonably attributable to guests traveling through the airport
7 during the 15-year period beginning on the date the county first
8 uses the tax revenue for that purpose.

9 (d) A county to which Subsection (b) applies may not use
10 revenue from a tax imposed under this chapter for a purpose
11 described by Subsection (b) after the 10th anniversary of the date
12 the county first uses that revenue for that purpose.

13 SECTION 15. Subchapter B, Chapter 352, Tax Code, is amended
14 by adding Section 352.113 to read as follows:

15 Sec. 352.113. USE OF REVENUE: CERTAIN COUNTIES BORDERING
16 LAKE RAY ROBERTS. In addition to the purposes authorized by this
17 chapter, the revenue from a tax imposed under this chapter by a
18 county authorized to impose the tax under Section 352.002(x) may be
19 used for any purpose described by Section 352.101(a).

20 SECTION 16. To the extent of any conflict, this Act controls
21 over another Act of the 85th Legislature, Regular Session, 2017,
22 relating to nonsubstantive additions to and corrections in enacted
23 codes.

24 SECTION 17. This Act takes effect immediately if it
25 receives a vote of two-thirds of all the members elected to each
26 house, as provided by Section 39, Article III, Texas Constitution.
27 If this Act does not receive the vote necessary for immediate

H.B. No. 2445

1 effect, this Act takes effect September 1, 2017.

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SENATE VERSION (IE)

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No equivalent provision.

SECTION __. Section 33.604(b), Natural Resources Code, is amended. [FA3]

Same as House version.

No equivalent provision.

SECTION __. Section 334.001, Local Government Code, is amended by amending Subdivisions (1) and (4) and adding Subdivision (1-a) to read as follows:

SECTION 1. Same as Senate version.

(1) "Active transportation" means transportation that is wholly or primarily powered by human energy. The term includes walking, running, and bicycling.

(1-a) "Approved venue project" means a sports and community venue project that has been approved under this chapter by the voters of a municipality or county.

(4) "Venue" means:

(A) an arena, coliseum, stadium, or other type of area or facility:

(i) that is used or is planned for use for one or more professional or amateur sports events, community events, or other sports events, including rodeos, livestock shows, agricultural expositions, promotional events, and other civic or charitable events; and

(ii) for which a fee for admission to the events is charged or is planned to be charged;

(B) a convention center, convention center facility as defined by Section 351.001(2) or 352.001(2), Tax Code, or related improvement such as a civic center hotel, theater, opera house, music hall, rehearsal hall, park, zoological park, museum, aquarium, or plaza located in the vicinity of a convention center or facility owned by a municipality or a county;

(C) a tourist development area ~~[along an inland waterway];~~

(D) a municipal parks and recreation system, or improvements or additions to a parks and recreation system, or an area or facility, including an area or facility for active

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CONFERENCE

transportation use, that is part of a municipal parks and recreation system;

(E) a project authorized by Section 4A or 4B, Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes), as that Act existed on September 1, 1997; ~~[and]~~

(F) a watershed protection and preservation project; a recharge, recharge area, or recharge feature protection project; a conservation easement; or an open-space preservation program intended to protect water; and

(G) an airport facility located in a municipality located on the international border. [FA1]

No equivalent provision.

SECTION __. Section 334.1015, Local Government Code, is amended to read as follows:

Sec. 334.1015. APPLICATION. (a) Except as provided by Subsection (b), this ~~[This]~~ subchapter does not apply to the financing of a venue project that is an area or facility that is part of a municipal parks and recreation system.

(b) A municipality located on the international border may finance a venue project described by Section 334.001(4)(D) with the revenue from a tax imposed under this subchapter. [FA1]

SECTION 2. Same as Senate version.

No equivalent provision.

SECTION __. Section 334.2515, Local Government Code, is amended to read as follows:

Sec. 334.2515. APPLICATION. Except as provided by Section 334.2516, this subchapter does not apply to the financing of a venue project that is:

(1) an area described by Section 334.001(4)(C);

(2) an area or facility that is part of a municipal parks and recreation system as described by Section 334.001(4)(D); ~~[or]~~

SECTION 3. Same as Senate version.

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	(3) [(2)] a project described by Section 334.001(4)(E), except for <u>a project</u> [projects] described by [in] Section 334.001(4)(A); or (4) <u>a facility described by Section 334.001(4)(G).</u> [FA1]	
<i>No equivalent provision.</i>	SECTION __. Subchapter F, Chapter 156, Tax Code, is amended by adding Section 156.252. [FA3]	Same as House version.
<i>No equivalent provision.</i>	SECTION __. Section 351.001(7), Tax Code, is amended. [FA6]	Same as House version.
<i>No equivalent provision.</i>	SECTION __. Section 351.002, Tax Code, is amended. [FA4]	Same as House version.
<i>No equivalent provision.</i>	SECTION __. Section 351.005, Tax Code, is amended to read as follows: Sec. 351.005. REIMBURSEMENT FOR EXPENSES OF TAX COLLECTION AND USE OF ELECTRONIC TAX ADMINISTRATION SYSTEM. (a) A municipality may permit a person who is required to collect and pay over to the municipality the tax authorized by this chapter <u>to withhold</u> not more than one percent of the amount <u>of the tax</u> collected and required to be reported as reimbursement to the person for the <u>cost of</u> [costs in] collecting the tax [and, if applicable, the use of an electronic tax administration system described by Section 351.1012]. (b) <u>If a municipality uses revenue derived from the tax authorized by this chapter to create, maintain, operate, or administer an electronic tax administration system as authorized by Section 351.1012, the municipality shall permit a person who is required to collect and pay over to the municipality the tax authorized by this chapter to withhold not</u>	SECTION 4. Same as Senate version.

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more than one percent of the amount of the tax collected and required to be reported as reimbursement to the person for the cost of collecting the tax.

(c) The municipality may provide that the reimbursement provided or required by this section be forfeited because of a failure to pay the tax or to file a report as required by the municipality. [FA1]

SECTION 1. Section 351.101(a), Tax Code, as amended by Chapters 666 (H.B. 3772) and 979 (H.B. 3615), Acts of the 84th Legislature, Regular Session, 2015, is reenacted and amended.

SECTION 1. Same as House version.

SECTION 5. Same as House version.

No equivalent provision.

SECTION __. Section 351.101, Tax Code, is amended by amending Subsection (g) and adding Subsections (g-1) and (o) to read as follows:

(g) This ~~Nothing in this~~ section does not ~~shall~~ prohibit a ~~[any private entity,]~~ person that receives a grant from a municipality to conduct an activity authorized by Subsection (a)(4)~~[-or organization]~~ from making a grant ~~[subgrants]~~ by contract to another ~~[any other]~~ person to conduct an activity authorized by that subdivision~~[-, entity, or private organization for expenditures under Section 351.101(a)(4)]~~. A person that receives a grant from a grantee of the municipality under this subsection ~~[subgrantee]~~ shall:

- (1) at least annually submit a report of the person's expenditures of funds received from the grantee ~~[make periodic reports]~~ to the governing body of the municipality ~~[of its expenditures from the tax authorized by this chapter]~~; and
- (2) make records of those ~~[these]~~ expenditures available for review to the governing body of the municipality and any ~~[or]~~

SECTION 6 (part). Same as Senate version.

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other person.

(g-1) A municipality may not require a person that receives funds directly from the municipality through a grant to conduct an activity authorized by Subsection (a)(4) to waive a right guaranteed by law to the person or to enter into an agreement with another person.

(o) In addition to the purposes provided by Subsection (a), a municipality that has a population of not more than 10,000, that contains an outdoor gear and sporting goods retailer with retail space larger than 175,000 square feet, and that hosts an annual wiener dog race may use revenue from the municipal hotel occupancy tax to promote tourism and the convention and hotel industry by constructing, operating, or expanding a sporting related facility or sports field owned by the municipality, if the majority of the events at the facility or field are directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at hotels in the municipality. If a municipality to which this subsection applies uses revenue derived from the municipal hotel occupancy tax for a purpose described by this subsection, the municipality may not reduce the percentage of revenue from that tax allocated for a purpose described by Subsection (a)(3) to a percentage that is less than the average percentage of that revenue allocated by the municipality for that purpose during the 36-month period preceding the date the municipality begins using the revenue for a purpose described by this subsection. [FA1]

No equivalent provision.

SECTION __. Section 351.101, Tax Code, is amended by adding Subsection (n) to read as follows:

(n) In addition to other authorized uses, a municipality that has a population of not more than 1,500 and is located in a

SECTION 6 (part). Same as Senate version.

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county that borders Arkansas and Louisiana may use revenue from the municipal hotel occupancy tax for the promotion of tourism by the enhancement and upgrading of an existing sports facility or field as specified by Subsection (a)(7), provided that the requirements of Subsections (a)(7)(A) and (C) and Section 351.1076 are met. [FA2]

No equivalent provision.

SECTION __. Section 351.1012(a), Tax Code, is amended to read as follows:

(a) Notwithstanding any other provision of this chapter, a municipality may spend each year not more than the lesser of one percent or \$75,000 of the revenue derived from the tax authorized by this chapter during that year for the creation, maintenance, operation, and administration of an electronic tax administration system. A municipality may not use revenue the municipality is authorized to spend under this subsection to conduct an audit. [FA1]

SECTION 7. Same as Senate version.

No equivalent provision.

SECTION __. Section 351.102, Tax Code, is amended. [FA5]

Same as House version.

No equivalent provision.

SECTION __. Section 351.102, Tax Code, is amended by amending Subsections (b), (c), and (d) to make conforming changes and adding Subsection (f) to read as follows:

(f) In addition to the municipalities described by Subsection (b), that subsection also applies to a municipality with a population of less than 2,000 that:

(1) is located adjacent to a bay connected to the Gulf of Mexico;

(2) is located in a county with a population of 290,000 or more that is adjacent to a county with a population of four million or more; and

SECTION 8 (part). Sections 351.102(b), (c), (d), and (e)(9), Tax Code. Substantially the same as Senate version.

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No equivalent provision.

(3) has a boardwalk on the bay. [FA7]

SECTION __. Section 351.102, Tax Code, is amended by amending Subsections (b) and (d) to make conforming changes and by amending Subsection (c) and adding Subsections (e) and (f) as follows:

(c) Except as provided by this subsection, a [A] municipality to which Subsection (b) or (e) applies is entitled to receive all funds from a project described by **this section** that an owner of a project may receive under Section 151.429(h) of this code, or Section 2303.5055, Government Code, and may pledge the funds for the payment of obligations issued under this section. A municipality described by Subsection (e) is not entitled to receive funds from a project under this subsection unless the municipality has pledged the revenue derived from the tax imposed under this chapter from the project for the payment of bonds or other obligations issued or incurred for the project.

(e) In addition to the municipalities described by Subsection (b), that subsection also applies to:

(1) a municipality with a population of at least 110,000 but not more than 135,000 at least part of which is located in a county with a population of not more than 135,000;

(2) a municipality with a population of at least 9,000 but not more than 10,000 that is located in two counties, each of which has a population of at least 662,000 and a southern border with a county with a population of 2.3 million or more;

(3) a municipality with a population of at least 200,000 but

SECTION 8 (part). Same as Senate version except as follows:

(The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.)

(c) Same as Senate version except replaces the reference to "a project described by **this section**" with a reference to "a project described by **Subsection (b)**."

(e) (part) Same as Senate version except omits the municipality described in Subdivision (9) and adds Subdivisions (10), (11), and (12) to read as follows:

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not more than 300,000 that contains a component institution of the Texas Tech University System;
(4) a municipality with a population of at least 95,000 that borders Lake Lewisville;
(5) a municipality that:
(A) contains a portion of Cedar Hill State Park;
(B) has a population of more than 45,000;
(C) is located in two counties, one of which has a population of more than two million and one of which has a population of more than 149,000; and
(D) has adopted a capital improvement plan for the construction or expansion of a convention center facility;
(6) a municipality with a population of less than 6,000 that:
(A) is located in two counties each with a population of 600,000 or more that are both adjacent to a county with a population of two million or more;
(B) has full-time police and fire departments; and
(C) has adopted a capital improvement plan for the construction or expansion of a convention center facility;
(7) a municipality with a population of at least 56,000 that:
(A) borders Lake Ray Hubbard; and
(B) is located in two counties, one of which has a population of less than 80,000;
(8) a municipality with a population of more than 83,000, that borders Clear Lake, and that is primarily located in a county with a population of less than 300,000; and
(9) a municipality that holds an annual jalapeño festival and is the county seat of a county that:
(A) borders the United Mexican States;
(B) has a population of less than 300,000; and
(C) contains one or more municipalities with a population of 200,000 or more.

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No equivalent provision.

(10) a municipality with a population of 75,000 or more that:
(A) is located wholly in one county with a population of 575,000 or more that is adjacent to a county with a population of four million or more; and
(B) has adopted a capital improvement plan for the construction or expansion of a convention center facility;
(11) a municipality with a population of less than 75,000 that is located in three counties, at least one of which has a population of at least four million; and
(12) an eligible coastal municipality with a population of more than 3,000 but less than 5,000.

No equivalent provision.

(c-1) A municipality to which this subsection applies is entitled to receive all funds from a hotel and convention center project that the owner of a project could receive under Section 151.429(h) of this code or Section 2303.5055, Government Code, if a project for purposes of those provisions included a hotel and convention center project. The municipality may pledge the funds for payment of obligations issued under this section for the hotel and convention center project. For purposes of this subsection, "hotel and convention center project" means a project that is an existing hotel owned by the municipality or another person and a convention center facility to be acquired, constructed, equipped, or leased, that will be located within 1,000 feet of the hotel, and that will be owned by or located on land owned by the municipality. This subsection applies only to a municipality that:
(1) is the county seat of a county that:
(A) borders the United Mexican States;
(B) has a population of less than 300,000; and
(C) contains one or more municipalities with a population of

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(f) A municipality described by Subsection (e)(3) that uses revenue derived from the tax imposed under this chapter or funds received under Subsection (c) for repayment of bonds or other obligations issued or incurred for a hotel project described by Subsection (b) may not, in a fiscal year that begins after construction of the hotel project is complete and during any part of which the bonds or other obligations are outstanding, reduce the amount of revenue derived from the tax imposed under this chapter and allocated for a purpose described by Section 351.101(a)(6) to an amount that is less than the sum of:
(1) the amount of the revenue derived from the tax imposed under this chapter and allocated by the municipality for a purpose described by Section 351.101(a)(6) during the fiscal year beginning October 1, 2016; and
(2) three percent of the amount of revenue derived from the tax imposed under this chapter during the fiscal year for which the amount required by this subsection is being determined.
[FA1]

No equivalent provision.

No equivalent provision.

SECTION __. Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.10711 to read as follows:

200,000 or more; and
(2) holds an annual jalapeño festival.

(f) Same as Senate version.

(g) A municipality to which this section applies may not receive or pledge revenue or funds under Subsection (b) or (c) for a hotel project unless the municipality enters into an agreement with a person for the development of the hotel project before September 1, 2019.

SECTION 9. Same as Senate version.

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Sec. 351.10711. ALLOCATION OF REVENUE FOR MAINTENANCE, ENHANCEMENT, AND UPGRADE OF SPORTS FACILITIES AND FIELDS BY CERTAIN MUNICIPALITIES. (a) This section applies only to a municipality that is the county seat of a county that has a population of more than 10,000 and contains a portion of Mound Lake.
(b) In addition to other authorized uses, a municipality to which this section applies may use revenue derived from the tax imposed under this chapter to promote tourism by maintaining, enhancing, or upgrading sports facilities or fields, provided that:
(1) the requirements of Section 351.1076 are met if the municipality uses the revenue to enhance or upgrade a sports facility or field;
(2) the municipality owns the sports facilities or fields; and
(3) the sports facilities and fields have been used, in the preceding calendar year, a combined total of more than 10 times for district, state, regional, or national sports tournaments.
(c) A municipality that uses revenue derived from the tax imposed under this chapter as authorized by Subsection (b) may not reduce the percentage of revenue from the tax imposed under this chapter and allocated for a purpose described by Section 351.101(a)(3) to a percentage that is less than the average percentage of that revenue allocated by the municipality for that purpose during the 36-month period preceding the date the municipality begins using the revenue as authorized by Subsection (b). [FA1]

No equivalent provision.

SECTION __. Section 351.1076(a), Tax Code, is amended to read as follows:

SECTION 10 (part). Substantially the same as Senate version.

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SENATE VERSION (IE)

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(a) A municipality that spends municipal hotel occupancy tax revenue for the enhancement and upgrading of existing sports facilities or fields as authorized by Section 351.101(a)(7) or 351.10711:

(1) shall determine the amount of municipal hotel occupancy tax revenue generated for the municipality by hotel activity attributable to the sports events and tournaments held on the enhanced or upgraded facilities or fields for five years after the date the enhancements and upgrades are completed; and

(2) may not spend hotel occupancy tax revenue for the enhancement and upgrading of the facilities or fields in a total amount that exceeds the amount of area hotel revenue attributable to the enhancements and upgrades. [FA1]

No equivalent provision.

SECTION __. Section 351.1076(a), Tax Code, is amended to read as follows:

(a) A municipality that spends municipal hotel occupancy tax revenue for the enhancement and upgrading of existing sports facilities or fields as authorized by Section 351.101(a)(7) or (n):

(1) shall determine the amount of municipal hotel occupancy tax revenue generated for the municipality by hotel activity attributable to the sports events and tournaments held on the enhanced or upgraded facilities or fields for five years after the date the enhancements and upgrades are completed; and

(2) may not spend hotel occupancy tax revenue for the enhancement and upgrading of the facilities or fields in a total amount that exceeds the amount of area hotel revenue attributable to the enhancements and upgrades. [FA2]

No equivalent provision.

SECTION __. Section 351.1078, Tax Code, is amended to read as follows:

SECTION 10 (part). Substantially the same as Senate version.

SECTION 11. Same as Senate version.

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SENATE VERSION (IE)

CONFERENCE

Sec. 351.1078. ALLOCATION OF REVENUE: CERTAIN MUNICIPALITIES. (a) A municipality that spends municipal hotel occupancy tax revenue as authorized by Section 351.101(i) or (o):

(1) may not use municipal hotel occupancy tax revenue for the acquisition of land for the sporting related facility or sports field described by that subsection;

(2) shall annually determine and prepare and publish on the municipality's Internet website a report on the events held at the facility or field, the number of hotel room nights attributable to events held at the facility or field, and the amount of hotel revenue and municipal tax revenue attributable to the sports events and tournaments held at the facility or field for five years after the date the construction expenditures are completed; and

(3) may only spend hotel occupancy tax revenue for operational expenses of the facility or field if the costs are directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at hotels in or near the municipality.

(b) The municipality shall reimburse to the municipality's hotel occupancy tax revenue fund from the municipality's general fund any expenditure in excess of the amount of area hotel revenue attributable to sporting events held at the sporting related facility or sports field described by Section 351.101(i) or (o) for five years after the date the construction or expansion of the facility or field described by that subsection is completed. [FA1]

No equivalent provision.

SECTION __. Section 352.002, Tax Code, is amended by adding Subsection (x) to read as follows:

(x) The commissioners court of a county that has a population

SECTION 12. Same as Senate version.

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CONFERENCE

of less than 100,000 and that borders Lake Ray Roberts may impose a tax as provided by Subsection (a). [FA1]

No equivalent provision.

SECTION __. Section 352.003, Tax Code, is amended by adding Subsection (u) to read as follows:

(u) The tax rate in a county authorized to impose the tax under Section 352.002(x) may not exceed two percent of the price paid for a room in a hotel. [FA1]

SECTION 13. Same as Senate version.

No equivalent provision.

SECTION __. Section 352.103, Tax Code, is amended to read as follows:

Sec. 352.103. USE OF REVENUE: COUNTIES WITH NO MUNICIPALITY. (a) Except as provided by Subsection (b), the [The] revenue from a tax imposed under this chapter by a county that has no municipality may be used only for:

(1) the purposes provided by Sections 351.101(a)(1), (2), and (4);

(2) advertising for general promotional and tourist advertising of the county and conducting a solicitation program to attract conventions and visitors either by the county or through contracts with persons or organizations selected by the commissioners court; and

(3) historical preservation and restoration.

(b) Notwithstanding any other provision of this chapter, a county described by Subsection (a) that owns an airport may use revenue from a tax imposed under this chapter for repairs and improvements to the county airport or reimbursement for repairs and improvements to the airport.

(c) A county to which Subsection (b) applies may not use revenue from a tax imposed under this chapter for a purpose described by Subsection (b) in a total amount that would exceed the amount of hotel revenue in the county that is likely

SECTION 14. Same as Senate version.

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to be reasonably attributable to guests traveling through the airport during the 15-year period beginning on the date the county first uses the tax revenue for that purpose.

(d) A county to which Subsection (b) applies may not use revenue from a tax imposed under this chapter for a purpose described by Subsection (b) after the 10th anniversary of the date the county first uses that revenue for that purpose. [FA1]

No equivalent provision.

SECTION __. Subchapter B, Chapter 352, Tax Code, is amended by adding Section 352.113 to read as follows:

Sec. 352.113. USE OF REVENUE: CERTAIN COUNTIES BORDERING LAKE RAY ROBERTS. In addition to the purposes authorized by this chapter, the revenue from a tax imposed under this chapter by a county authorized to impose the tax under Section 352.002(x) may be used for any purpose described by Section 352.101(a). [FA1]

SECTION 15. Same as Senate version.

SECTION 2. To the extent of any conflict, this Act controls over another Act of the 85th Legislature, Regular Session, 2017, relating to nonsubstantive additions to and corrections in enacted codes.

SECTION 2. Same as House version.

SECTION 16. Same as House version.

SECTION 3. Effective date.

SECTION 3. Same as House version.

SECTION 17. Same as House version.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 27, 2017

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2445 by Stucky (Relating to the imposition of hotel occupancy taxes by and the collection and use of certain tax revenue in certain municipalities and counties, including the authority of certain municipalities to pledge certain tax revenue for the payment of obligations related to hotel and hotel and convention center projects; authorizing the imposition of a tax..), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2445, Conference Committee Report: a negative impact of (\$801,000) through the biennium ending August 31, 2019.

Additionally, the bill would have a negative impact to General Revenue Related Funds of (\$11,045,000) for the biennium ending August 31, 2021.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2018	(\$368,000)
2019	(\$433,000)
2020	(\$4,201,000)
2021	(\$6,844,000)
2022	(\$9,229,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1
2018	(\$368,000)
2019	(\$433,000)
2020	(\$4,201,000)
2021	(\$6,844,000)
2022	(\$9,229,000)

Fiscal Analysis

The bill would amend Chapter 334, Local Government Code, regarding sports and community venues, would be amended to define "active transportation" and to amend the definition of "venue" to include: 1) an area or facility for active transportation use that is part of a municipal parks and recreation system, and 2) an airport facility located in a municipality located on the international border.

Section 334.1015 would be amended to apply Subchapter E to a municipality located on the international border, which would allow such a municipality to finance a venue project that is, or is a part of, a municipal parks and recreation system, with a tax on short-term motor vehicle rentals. Section 334.2515 would be amended to exclude 1) a tourist development area, and 2) an airport facility located in a municipality located on the international border from the authorization of hotel occupancy tax at rate up to two percent provided under Subchapter H.

Section 351.005, Tax Code, would be amended to require a municipality that uses municipal hotel tax revenue for an electronic tax administration system to allow a person who collects and remits the tax to retain up to one percent of that tax revenue as reimbursement for the cost of collecting the tax.

Chapter 351 of the Tax Code, regarding municipal hotel occupancy taxes, would be amended to provide for reenactment of Section 351.101(a) and for substantive amendment of Section 351.101(a)(7) to authorize a municipality that contains an intersection of Interstates 35E and 35W and at least two public universities to use municipal hotel occupancy taxes for the promotion of tourism by the enhancement and upgrading of an existing sports facility or field.

Section 351.101(g), Tax Code, would be amended regarding reporting requirements related to grants of municipal hotel tax revenue for the promotion of the arts. A new Subsection (g-1) would be added to provide that a person that receives funds for promotion of the arts directly through a grant from a municipality may not be required by the municipality to waive a right guaranteed by law to the person or to enter into an agreement with another person.

Section 351.101, Tax Code, regarding the use of municipal hotel tax revenue, would be amended by adding new Subsection (n) to permit a city that has a population of not more than 1,500 and is located in a county that borders Arkansas and Louisiana to use revenue from the municipal hotel occupancy tax for the promotion of tourism by the enhancement and upgrading of an existing sports facility or field, provided the city owns the facility or field and the facility was used in the preceding calendar year a combined total of more than 10 times for district, state, regional or national sports tournaments.

A new Subsection (o) would be added to Section 351.101 to authorize a municipality that (1) has a population of not more than 10,000; (2) contains an outdoor gear and sporting goods retailer with retail space larger than 175,000 square feet; and (3) hosts an annual wiener dog race, to use municipal hotel occupancy taxes to promote tourism and the convention and hotel industry by constructing, operating or expanding a sporting related facility or field owned by the municipality if the majority of the events at the facility or field are directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at hotels in the municipality.

Section 351.1012(a) would be amended to limit the amount of this municipal tax that can be spent on a tax administration system, in each year, to the lesser of one percent or \$75,000, and would prohibit a municipality from using revenue authorized for a tax administration system to conduct an audit.

Section 351.102, Tax Code, regarding the pledge of municipal hotel tax revenue to certain bonds and entitlement of certain municipalities to rebates of state tax revenue associated with certain

hotel projects, would be amended to expand the set of eligible municipalities and to add a condition for eligibility for rebates of state tax.

Subsection (c) of Section 351.102 would be amended to provide that a municipality described by Subsection (e) is not entitled to receive funds from a project under the subsection unless the municipality has pledged the municipal hotel tax revenue derived from the project for the payment of bonds or other obligations issued or incurred for the project.

A new Subsection (e) would be added to Section 351.102 to extend the application of the section to:

1. a municipality with a population of at least 110,000 but not more than 135,000 at least part of which is located in a county with a population of not more than 135,000;
2. a municipality with a population of at least 9,000 but not more than 10,000 that is located in two counties, each of which has a population of at least 662,000 and a southern border with a county with a population of 2.3 million or more;
3. municipality with a population of at least 200,000 but not more than 300,000 that contains a component institution of the Texas Tech University System;
4. a municipality with a population of at least 95,000 that borders Lake Lewisville;
5. a municipality that contains a portion of Cedar Hill State Park; has a population of more than 45,000; is located in two counties, one of which has a population of more than two million and one of which has a population of more than 149,000; and has adopted a capital improvement plan for the construction or expansion of a convention center facility;
6. a municipality with a population of less than 6,000 that is located in two counties each with a population of 600,000 or more that are both adjacent to a county with a population of two million or more, has a full time police and fire-department, and has adopted a capital improvement plan for the construction or expansion of a convention center facility;
7. a municipality with a population of at least 56,000 that borders Lake Ray Hubbard and is located in two counties one of which has a population of less than 80,000;
8. a municipality that borders Clear Lake, has a population of more than 83,000, and is primarily located in a county with a population of less than 300,000;
9. a municipality with a population of less than 2,000 that is located adjacent to a bay connected to the Gulf of Mexico and is located in a county with a population of 290,000 or more that is adjacent to a county with a population of four million or more and has a boardwalk on the bay;
10. a municipality with a poion of 75,000 or more that is located wholly in one county with a population of 575,000 or more that is adjacent to a county with a population of four million or more and has adopted a capital improvement plan for the construction or expansion of a convention center facility;
11. municipality with a population of less than 75,000 that is located in three counties, at least one of which has a population of at least four million; and
12. an eligible coastal municipality with a population of more than 3,000 but less than 5,000.

Chapter 351, Tax Code, would be amended to add new Section 351.10711 to authorize a municipality that is the county seat of a county that has a population of more than 10,000 and contains a portion of Mound Lake to use municipal hotel occupancy taxes to maintain, enhance or upgrade a sports facility or field. The municipality would be required to own the sports facilities or fields, and the facilities and fields would be required to have been used in the preceding year a combined total of 10 times for district, state, regional or national sports tournaments. A limitation would be provided on any reduction in the allocation of municipal hotel occupancy tax revenue related to advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity.

Chapter 352, Tax Code, regarding county hotel occupancy taxes, would be amended to add new Subsection (x) to Section 352.002 to provide that the commissioners court of a county that has a population of less than 100,000 and that borders Lake Ray Roberts can impose a county hotel tax. Section 352.003 would be amended to add new Subsection (u) to provide that the tax rate in a county authorized to impose the tax under Section 352.002(x) may not exceed 2 percent of the price paid for a room in a hotel. And a new Section 352.113 would be added to provide that the revenue from the tax imposed by that county may be used for any purpose described by Section 352.101(a).

Section 352.103, regarding the use of revenue for counties with no municipality, would be amended to add subsection (b) as an exception to the use of revenue that would apply only to a county with no municipality that owns an airport. The county so described could use county hotel occupancy tax revenue for repairs and improvements to the county airport for a period of up to 10 years, but not to exceed in total amount the amount of hotel revenue in the county likely to be reasonably attributable to guests traveling the airport during the 15-year period beginning on the date the county first uses the tax revenue for that purpose.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2017.

Methodology

With respect to the amendments of Section 351.102, the following municipalities would be affected and have plans for convention hotel projects as follows:

The City of Abilene currently has planned a 200 room hotel, not expected to be operational before January 2020.

The City of Midland recently approved plans for a new convention center to be completed in 2018.

The City of Prosper currently has plans for a 500 room hotel expected to be operational in January 2020.

The City of Lubbock currently has plans for a 300 room hotel expected to be operational in January 2020.

The City of Lewisville currently has plans for a 150 room hotel expected to be operational in January 2020.

The City of Denton currently has no plans for a convention center hotel.

The City of Cedar Hill currently has plans for a 130 room hotel expected to be operation in September 2019.

The City of Roanoke currently has plans for a 300 room convention center hotel expected to be operational in February 2020.

The City of Rowlett currently has plans for a 500 room convention center hotel expected to be operational in the fall of 2021.

The City of League City currently has plans for multiple convention center hotels to open in 2019.

The City of Laredo currently has plans to designate an existing hotel as a project hotel in conjunction with a new convention center facility expected to be operational in the fall of 2021. Certain existing hotels owned by the city of Laredo would also be eligible for rebates of state taxes.

The City of Sugar Land currently has plans for a 350 room convention center hotel expected to be operational in January 2021.

The city of Katy currently has plans for a 305 room convention center hotel expected to be operational in the fall of 2020.

The city of Port Aransas currently has no plans for a convention center hotel.

The City of Kemah plans to begin a study for a convention center hotel project if legislation authorizing rebates of state tax is enacted, but has no current plans for such a hotel project. Rebates of state tax for a Kemah project would consequently be unlikely before fiscal year 2022.

The estimates in the table above are based on planned or assumed room sizes of the prospective hotels, assumed average nightly room rates and annual average occupancy rate, an incremental gain in room nights sold in the state, and the ratio of state sales tax to hotel tax revenues paid to the owners of the extant qualified hotel projects.

Local Government Impact

The bill would make several changes to local hotel occupancy taxes described in the Fiscal Analysis section above.

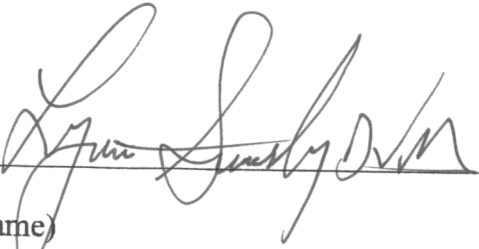
Source Agencies:

LBB Staff: UP, KK, SD

Certification of Compliance with
Rule 13, Section 6(b), House Rules of Procedure

Rule 13, Section 6(b), House Rules of Procedure, requires a copy of a conference committee report signed by a majority of each committee of the conference to be furnished to each member of the committee in person or, if unable to deliver in person, by placing a copy in the member's newspaper mailbox at least one hour before the report is furnished to each member of the house under Rule 13, Section 10(a). The paper copies of the report submitted to the chief clerk under Rule 13, Section 10(b), must contain a certificate that the requirement of Rule 13, Section 6(b), has been satisfied, and that certificate must be attached to the copy of the report furnished to each member under Rule 13, Section 10(d). Failure to comply with this requirement is not a sustainable point of order under Rule 13.

I certify that a copy of the conference committee report on HB 2445 was furnished to each member of the conference committee in compliance with Rule 13, Section 6(b), House Rules of Procedure, before submission of the paper copies of the report to the chief clerk under Rule 13, Section 10(b), House Rules of Procedure.


(name)

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5-27-2017
(date)